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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF
KOHL'S RANCH WATER COMPANY FOR AN
EMERGENCY RATE INCREASE.

DOCKET NO. W-02886A-10-0369

PROCEDURAL ORDER

BY THE COMMISSION:

On September 2, 2010, Kohl's Ranch Water Company ("Kohl's Ranch") filed with the Arizona Corporation Commission ("Commission") an application requesting an emergency rate increase designed to produce an annual revenue increase of \$79,488 through a surcharge of \$36.00 per month to be paid by each residential customer and a surcharge of \$2,160.00 per month to be paid by Kohl's Ranch's single resort customer, Kohl's Ranch Lodge ("the Lodge"). According to the application, Kohl's Ranch's rates, established in 1972, produce revenue that is insufficient to operate Kohl's Ranch, and the owner of both Kohl's Ranch and the Lodge, ILX Resorts Incorporated ("ILX"), has long been subsidizing Kohl's Ranch with cash, labor, parts, supplies, and services. ILX has recently received U.S. Bankruptcy Court approval of a Plan of Reorganization and a Sale Order providing for the sale of substantially all of ILX's assets, including the Lodge, but excluding Kohl's Ranch. As the buyer for ILX's other assets is unwilling to purchase Kohl's Ranch, the emergency rate increase requested is designed to enable Kohl's Ranch to operate as a stand-alone entity.

On September 16, 2010, a Procedural Order was issued scheduling a telephonic procedural conference to take place on September 20, 2010.

On September 20, 2010, the telephonic procedural conference took place as scheduled, with Kohl's Ranch and the Commission's Utilities Division ("Staff") appearing through counsel. A procedural schedule was determined, with several potential hearing dates acceptable to the parties identified, and it was determined that Kohl's Ranch would make a filing the same day identifying two or three locations within its service area at which public notice could be posted. It was further

1 determined that a Procedural Order would then be issued memorializing the procedural schedule,
2 establishing the hearing date, and providing the notice requirements for Kohl's Ranch to follow.

3 On September 20, 2010, Kohl's Ranch filed a document identifying the following locations
4 within its service area at which public notice could be posted: (1) the roadside along Buenagua Road,
5 north of the intersection of Buenagua Road and University Drive; (2) the roadside along Short Road,
6 south of its intersection with Buenagua Road; and (3) the Tall Pines Market, located at 1101
7 Christopher Creek Loop in Payson, approximately 4.4 miles from Kohl's Ranch Lodge. In addition,
8 Kohl's Ranch stated that it will seek permission from the Kohl's Tonto Creek Subdivision
9 Homeowners Association, Inc. to post the notice on its website at <http://krhoa.com>.

10 Thus, it is now necessary and appropriate to establish the procedural schedule and notice
11 requirements for this matter.

12 IT IS THEREFORE ORDERED that a **hearing** to determine whether an emergency exists
13 pursuant to Arizona Attorney General Opinion No. 71-17 and whether an emergency interim rate
14 increase should be granted shall commence on **November 3, 2010, at 9:00 a.m.**, or as soon thereafter
15 as is practicable, in the 2nd Floor Conference Room at the Commission's offices, 1200 West
16 Washington Street, Phoenix, Arizona 85007.

17 IT IS FURTHER ORDERED that the **Staff Report** and associated exhibits to be presented at
18 hearing on behalf of Staff shall be reduced to writing and filed on or before **October 20, 2010**.

19 IT IS FURTHER ORDERED that **Kohl's Ranch shall file its Response** to the Staff Report
20 with the Commission's Docket Control by **October 27, 2010**.

21 IT IS FURTHER ORDERED that **Kohl's Ranch shall, on or before September 27, 2010,**
22 cause **public notice**, in the following format and style, to be **sent to each of its customers¹** by First
23 **Class Mail:**

24 ...

25 ...

26 ...

27 _____
28 ¹ "Customers" includes the buyer for the Lodge, even if the buyer has not yet been added as the recipient of the bills for the Lodge's water service.

**PUBLIC NOTICE OF THE HEARING ON KOHL'S RANCH WATER
COMPANY'S APPLICATION FOR AN EMERGENCY RATE INCREASE**
(Docket No. W-02886A-10-0369)

Kohl's Ranch Water Company ("Kohl's Ranch") has applied to the Arizona Corporation Commission ("Commission") for an emergency rate increase. In its application, Kohl's Ranch has proposed a surcharge of \$36.00 per month to be paid by each residential customer and a surcharge of \$2,160.00 per month to be paid by Kohl's Ranch's single resort customer, Kohl's Ranch Lodge. Based on evidence presented at a hearing, the Commission will determine whether an emergency exists and whether an interim rate increase should be granted. The Commission may deny the request for an emergency rate increase or approve an interim rate increase either higher or lower than that requested by Kohl's Ranch.

The Commission will hold a **public hearing** on the application beginning **November 3, 2010, at 9:00 a.m.**, in the 2nd Floor Conference Room at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Customers may attend the hearing and make public comments and/or file written comments with the Commission. Written comments may be submitted by e-mail or by mailing a letter referencing Docket No. W-02886A-10-0369 to:

Arizona Corporation Commission
Consumer Services Section
1200 West Washington St.
Phoenix, AZ 85007

For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilitiestest/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

Interested parties may intervene by filing a written motion to intervene with the Commission no later than **October 21, 2010**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf> or contact the Commission's Consumer Services Section at 1-800-222-7000 or 602-542-4251. Failure to intervene will not preclude a customer from appearing at the hearing and making a statement on the customer's own behalf.

The application and all filings are available on the Commission's website (www.azcc.gov) using the e-Docket function.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, and may request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, at SABernal@azcc.gov, voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that **Kohl's Ranch shall, on or before September 27, 2010, cause the above public notice information, formatted with the heading in at least 36-point bold type and the body in at least 18-point regular type, to be posted in a conspicuous manner at the following**

1 locations: (1) the roadside along Buenagua Road, north of the intersection of Buenagua Road and
2 University Drive; (2) the roadside along Short Road, south of its intersection with Buenagua Road;
3 and (3) the Tall Pines Market, located at 1101 Christopher Creek Loop in Payson, approximately 4.4
4 miles from Kohl's Ranch Lodge.

5 IT IS FURTHER ORDERED that **Kohl's Ranch** shall make all reasonable efforts to have the
6 same public notice information posted in a conspicuous manner on the website of the Kohl's Tonto
7 Creek Subdivision Homeowners Association, Inc. **by September 27, 2010**, or as soon thereafter as is
8 possible.

9 IT IS FURTHER ORDERED that **Kohl's Ranch Water Company** shall, **no later than**
10 **October 4, 2010**, file with the Commission's Docket Control **certification that the public notice was**
11 **mailed and posted** in accordance with this Procedural Order, specifying when the mailing and each
12 posting took place.

13 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
14 105, except that all motions to intervene must be filed on or before **October 21, 2010**.

15 IT IS FURTHER ORDERED that notice in accordance with this Procedural Order shall be
16 deemed complete upon mailing and posting of same, notwithstanding the failure of an individual
17 customer to receive or read the notice.

18 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules of
19 the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission *pro*
20 *hac vice*.

21 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113—Unauthorized
22 Communications) applies to this proceeding and shall remain in effect until the Commission's
23 Decision in this matter is final and non-appealable.

24 ...

25 ...

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 DATED this 21st day of September, 2010.

4
5
6 

7 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered and e-mailed
9 this 21st day of September, 2010 to:

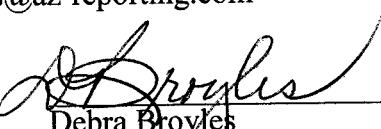
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27 By: 
28 Debra Broyles
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